

EXHIBIT 7



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June 15, 2004

TO: Karl Furstenberg, Sheila Culbert

FR: Ginny Hazen *Ginny*

file → SJ: 568 Presidents' Group Need Analysis Council

Bea and I attended the June 2-3 meeting of the 568 President's Group Need Analysis Council held in Atlanta. Complete minutes of the meeting are being written by Jim Belvin and Ted Bracken, but it is unclear when they will be available. Therefore, I am providing you with the highlights.

- **GAO study** - Ted Bracken reminded the group that the GAO was asked to study the effects of Consensus Approach (CA) and report back to Congress in 2006. Participating institutions can expect to be asked to provide data for the study.
- **Review of the reasons behind the existence of the Council** – Jim Belvin reminded the group that the Council existed because financial aid directors were charged by their presidents with developing a consensus approach to need analysis that would result in equitable contributions from families and consistent results across institutions.
- **Clarification of a participating school** - To be a participating school, the institution must be need blind, pay the membership dues, commit to using the results of the CA as the **lowest** contribution that would be expected of a family, and agree to collect certain documents prior to making an award unless the family would be at a true disadvantage to do otherwise and where the impact of the documents would probably be negligible. Institutions can still use documented professional judgment on a case-by-case basis to lower family contributions below the CA floor to address extenuating individual circumstances. It was recognized that institutions must be free to manage resources within the spirit of CA. Therefore, institutions are permitted to **raise** the EFC. (I believe this is a change from the original CA concept.) Although we do not fully utilize CA, Dartmouth is considered to be a participating school.
- **International students** – It was agreed that the group would continue to refine a need analysis approach for international students but that members would not be obligated to use it.

- **Canadian students** – Bea was asked to attend this meeting and explain Dartmouth's need analysis for Canadian students. She is recognized as "the expert" in the US on Canadian need analysis.
- **Divorced and separated parents** – CSS will no longer instruct divorced and separated parents that they need to complete the Noncustodial Parent's Statement (NCPS). Instead, they will be given instructions for completing the information on the web. Schools will be expected to view the images of these documents on CSS's web site. If a school chooses not to do so, they will need to purchase a supply of NCPS and mail them to affected families. Issues of logins for these parents are still unresolved.
- **Unresolved need analysis issues** – While rules currently exist within CA about the treatment of student assets, multiple siblings in college, and home value/equity, there was no consensus that the current approaches are correct. The technical committee will continue to work on these issues.
- **Professional judgment guidelines** – The technical committee was asked to develop further guidance on treatment of extended families, treatment of graduate students, and when to use estimated year income.
- **568 Group web site** – Ted Bracken indicated that Syd Earle had been asked to develop a web site. The site will contain the logic behind CA, the user's manual for CA, and....

December 7, 2000

TO: Karl Furstenberg

FR: Ginny Hazen *Ginny*

SJ: 568 Financial Aid Directors Meeting, 11/24/00

Jim Belvin (Duke) opened the meeting, providing background on the reasons for and the development of the Consensus Methodology (CM). He also cited the need to take advantage of Amendment 568 before it expires next fall. Following are the highlights of the meeting together with my thoughts and concerns:

Purpose of the Consensus Methodology

- Ensure the continuance of need-based aid
- Provide a formula that generates valid/realistic family contributions
- Lessen confusion of families over disparate family contributions by eliminating much of the variance in need analysis
- Avoid bidding wars

Main Issues Discussed

- Home Equity: It was agreed that additional steps need to be taken to reduce the impact of home equity on the parents' contribution. Several approaches were discussed, but there was no agreement on which was best. The consensus was to keep it simple and explainable.
- Cost of Living Variables: It was agreed that the variances be driven by metropolitan area zip codes and based on the Consumer Expenditure Survey. There was concern that this data is distorted by standard of living. While BLS data might be preferable, it has not been published recently.
- Retirement Funds: It was proposed that an allowance be made for families with no retirement plans. Questions were raised about the treatment of families with inadequate plans and how to collect accurate data. It was agreed that these issues needed to be addressed. There is no plan to tax retirement accumulations although this often represents one of the biggest assets a family has. The concern was that the formula would lose face validity if this asset was considered.

- Collection of Tax Returns: Tax returns and W-2 forms would be required before award preparation. However, it was recognized that there would need to be exceptions.
- Data Exchange: Amherst, Wellesley and Williams are currently doing this as a pilot project.
- Student Assets: These assets would be treated as family assets.

Thoughts and Concerns

- One of the stated purposes of CM is to preserve need-based financial aid. However, over one-third of the schools at the meeting offer merit and/or athletic scholarships.
- If the feeling is that the new Institutional Methodology did not go far enough, why abandon IM and create a new methodology? In doing so, variances in family contributions between CM and non-CM schools are guaranteed. Eliminating these variances is one of the stated purposes of CM. Wouldn't it be preferable to work with the College Scholarship Service to make the additional changes in IM?
- What happens if our main competition doesn't sign on to CM? Princeton was noticeably absent from the meeting. Will Harvard and Yale sign on without them? If they don't, do we?
- Dartmouth would not be hurt competitively if it adopted this formula for original awards; awards would be more generous.
- While we could routinely use CM for our original awards, I would not want to see us held to it on appeals from students with better awards from non-CM schools. If we failed to respond when we felt there was justification to lower the contribution, we would lose the student unnecessarily.
- CM will frequently result in family contributions that are lower than those derived using the federal formula. It is being proposed that the 568 Presidents' Working Group, individually or collectively, ask Congress to permit institutions to use institutional funds to meet the difference. I have reservations about this. If Congress granted such an exception, I fear it would be used as license by some institutions to buy the students they most want. On the other hand, it is unclear to me how CM can be implemented without this exception.
- I see no value in a post data exchange and feel it would require unnecessary additional work. I was told that the reason for implementing an exchange now was to establish a precedent and to preserve this right in the amendment. I question why it is necessary to preserve everything in the amendment if we feel that aspect of the amendment isn't important.

- I am virtually certain that BANNER would not support this additional methodology. This is probably relatively unimportant in the scheme of things, but it would have major implications for Dartmouth's Financial Aid Office.

Next Steps

- The section of the October 31, 2000, Report of the Common Standards Subcommittee to the 568 Presidents' Working Group dealing with need analysis and professional judgment issues will be updated.
- The Presidents will be asked to ratify the agreements.
- There will be a public announcement (targeted for February)
- The methodology will be implemented in 2002-3 or, more likely, in 2003-4.